

Will 2021 be the year of the great reset?

 By Yael Geffen

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Although the pandemic hasn't abated as we had all hoped and 2021 appears to be more of the same, when one takes a closer look there have already been notable positive shifts with the key difference being that it's likely to be the year when the world transitions to the next paradigm.



The Future is Now: Covid-19 has not only disrupted our lives it has also accelerated change and altered the way in which we live and work and, although 2021 looks to be more of the same, it will also be very different as it is likely to be the year in which the world resets to the 'new normal'.

Executives who take note of the new emerging trends will be able to reset their companies and take them to the next level far more seamlessly.

In a December survey of global executives focused on the here and now, research at the McKinsey Global Institute (MGI) found that even in the short-term optimism is growing with the highest levels of optimism now being detected since the onset of the Covid-19 pandemic.

Although there are still many concerns, especially about unemployment, the respondents are now looking ahead and their expectations for their home economies are increasingly positive with 61% believing global economic conditions will be better by mid-2021, which is up from 51% in mid-October.

This is clearly evidenced by the key emerging trends which were recently analysed by authors Kevin Sneader and Shubham Singhal who found that the most notable of these are not trends that are traditionally associated with recessions. These include:

- **Startling growth in the number of new businesses** – Disruption creates space for entrepreneurs and this crisis has sparked a wave of innovation, especially in the digital sector. Unlike the 2008–09 financial crisis when so many small businesses failed, this time there is a veritable flood of new small businesses, particularly in the major markets which will in time trickle through to emerging economies.

According to McKinsey, the volume of ‘high-propensity-business applications’ - those that are likeliest to turn into businesses with payrolls - has also risen strongly to more than 50% compared with 2019.

- **A sharp rise in productivity** - It’s being said that the digitally enabled productivity gains we have seen during the past year can be regarded as having accelerated the beginning of the Fourth Industrial Revolution.

In fact, many of McKinsey’s respondents reported that they moved 20 to 25 times faster than they thought possible on things like building supply-chain redundancies, improving data security, and increasing the use of advanced technologies in operations.

- **Revenge shopping** – Regarded as shopping extravagantly after a period where one has been denied the opportunity, many consumers have begun to open their wallets again for goods and services they’ve had to do without recently.

Although this is common in the retail sector after a downturn, the difference this time is that services have been particularly hard hit and the bounce back will therefore likely emphasise those businesses.

- **Permanent changes in consumer behaviour** - In nine of 13 major countries surveyed by McKinsey, at least two-thirds of consumers say they tried new kinds of shopping during 2020 and, of those, at least 13% intend to continue to do so.

In other words, brands that haven’t yet worked out how to reach consumers in new ways risk being left behind.

- **The future workplace has already arrived** – Before the pandemic, the concept of remote working was still rather remote with flexi-time to beat traffic congestion being the closest step taken, but Covid-19 changed that instantly.

Literally overnight, tens of millions of people in a wide range of industries transitioned to working from home, and the McKinsey Institute estimates that more than 20% of the global workforce, most of them in high-skilled jobs in sectors, could continue to work the majority of its time away from the office.

However, there are two significant challenges related to the transition of office to home working: One is to decide the role of the office itself, which is the traditional centre for creating culture and a sense of belonging. The other has to do with adapting the workforce to the requirements of automation, digitisation, and other technologies.

What is very clear is that the imminent reset will not mean going back to the conditions that prevailed in 2019 and the post-2021 world will be considerably different than it was before the pandemic.

In the same way as the terms “pre-war” and “post-war” are commonly used to describe the 20th century, generations to come will talk about the pre-Covid-19 and post-Covid-19 eras of the 21st century and those who do not make the transition will most certainly be left behind.

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